

John Southgate, LLC
1020 SW Taylor Street, Suite 440
Portland, Oregon 97205

March 25, 2015

Rep. Phil Barnhart, Chair
House Committee on Revenue

RE: Support for House Bill 2126

Dear Rep. Barnhart and Committee Members:

I am writing in strong support of House Bill 2126, which extends the sunset date for the vertical housing development zone program. Under this program, new mixed use, multi-story development in targeted areas is eligible for a *partial* property tax abatement for ten years.

Most of my career has been in the public sector. I have served in economically struggling areas in the Portland region and elsewhere around Oregon, in efforts to promote downtown revitalization in these communities. A key component of these efforts has been the creation of public-private partnerships for new, mixed use development – development that brings customers to our old downtowns, and which also creates small business opportunities.

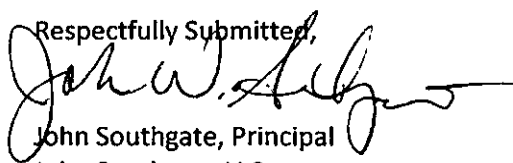
It is almost always the case that new mixed use development, although strongly supported by the community, is a challenge. Simply put, new development in these settings is not financially feasible. Because this type of development is so crucial to our historic downtowns, I view the vertical housing development zone as essential to our efforts to support new development in our downtowns. Unlike other development incentives, this program does not directly cost tax payers anything. And although taxing jurisdictions may forego some tax revenues for a limited time period, it is my experience that the new development generates more tax revenues *during the abatement period* (because the abatement only applies to a portion of the project) than would have been the case otherwise, let alone after the abatement period has ended.

The VHDZ program will be improved by defining “non-residential use” in the legislation to mean any use that is not exclusively residential. This would allow live-work units to be considered as eligible ground floor uses in the VHDZ program. Live-work units attract local businesses to underserved areas, bring 18 hour activity, and generate spillover benefits for other properties and businesses.

I join my colleagues around in the State in urging you to support passage of House Bill 2126. It is a key to our efforts to nurture our treasured downtowns.

Please contact me if you have any questions or if I may be of assistance. I can be reached at (503) 956-5853 or john@johnsouthgateconsulting.com. Thank you for your consideration.

Respectfully Submitted,



John Southgate, Principal
John Southgate LLC